

AMENDED IN SENATE MAY 9, 2006
AMENDED IN SENATE MAY 1, 2006
AMENDED IN SENATE MARCH 29, 2006

SENATE BILL

No. 1338

Introduced by Senator Alquist

February 17, 2006

An act to add Part 4 (commencing with Section 1000) to Division 1 of the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 1338, as amended, Alquist. California Health Care Infrastructure Authority.

Under existing law, the State Department of Health Services and the California Health and Human Services Agency have various responsibilities relating to the provision of health care.

This bill would require the agency, in consultation with the department and the California Department of Managed Health Care, to establish and operate the California Health Care Infrastructure Authority, to improve the quality of health care in California, and to reduce the cost of health care through the advancement of health information technology. The bill would require, within one year of establishment, and *updated* annually thereafter, the authority to develop and deliver to the Legislature a plan regarding the opportunity for every resident of the state to have an electronic health care record, and would specify the required contents of the plan. *Implementation of the plan would be contingent upon enactment of subsequent statutory authorization.* The bill would set forth the other responsibilities of the authority, including, among others, conducting research,

implementing pilot projects as necessary, and pursuing a waiver to enable the Medi-Cal program to participate in the statewide information technology infrastructure under the bill.

This bill would authorize the authority to receive various forms of funding for purposes of the bill. It would require the authority to submit an annual report of its activities to the Governor and the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares as follows:
2 (a) Health care cost inflation, coupled with an aging California
3 population, is projected to create potentially unsustainable
4 deficits.
5 (b) Employers, governments, and individuals face similar
6 financial pressures as health care costs continue to increase faster
7 than incomes.
8 (c) California has a large uninsured population and
9 opportunities to improve the efficiency and quality of care for the
10 underserved.
11 (d) Health care providers are poorly equipped, for the most
12 part, for the growing crisis. Most health care providers lack the
13 information systems necessary to keep pace with an increasing
14 body of medical knowledge.
15 (e) Information systems to help health care providers deal with
16 issues associated with coordinating care across medical and
17 social models, as well as with other providers, are underutilized.
18 (f) Information systems designed to assist with compliance of
19 health directives with disease prevention and management
20 guidelines are underutilized.
21 (g) Information systems to assist with measuring and
22 improving health care performance are poorly utilized.
23 (h) Information systems could assist in rapidly detecting and
24 responding to bioterrorism and pandemics.
25 (i) Use of electronic medical records could save as much as
26 eight billion dollars annually in California through improvements
27 in health care delivery efficiency. Health information
28 technology-enabled improvements in disease prevention and

1 management could more than double those savings, while
2 lowering age-adjusted mortality by as much as 18 percent and
3 reducing annual employee sick days.

4 SEC. 2. Part 4 (commencing with Section 1000) is added to
5 Division 1 of the Health and Safety Code, to read:

6
7 PART 4. HEALTH CARE INFRASTRUCTURE AUTHORITY

8
9 1000. For purposes of this part, the following terms shall
10 apply:

11 (a) "Electronic health record" means a secure, real-time,
12 point-of-care, patient-specific information resource that assists a
13 health care provider in making a decision by providing access to
14 the patient's health information when needed and that
15 incorporates evidence-based decision support.

16 (b) "Personal health record" means an electronic application
17 that enables an individual to access, manage, and share his or her
18 health information and, with authorization, the health information
19 of others in a private, secure, and confidential environment.

20 1001. (a) The California Health and Human Services
21 Agency, in consultation with the department and the California
22 Department of Managed Health Care, shall establish and operate
23 the California Health Care Infrastructure Authority, as provided
24 in this part. The purposes of the authority are to improve the
25 quality of health care in California and to reduce the cost of
26 health care through the advancement of health information
27 technology.

28 (b) Within one year of establishment, and *updated* annually
29 thereafter, the authority shall develop and deliver to the
30 Legislature a strategic plan comprised of goals and timelines for
31 the achievement of the following by the year 2014:

32 (1) The initiation by hospitals, clinics, and private practices in
33 this state of electronic health records for their patients.

34 (2) The creation of the opportunity for every state resident to
35 have a portable electronic health record that will include
36 significant medical conditions important to health care providers.

37 (3) The creation of the opportunity for every state resident to
38 have a portable personal health record that will include
39 significant medical information important to the individual.

1 (4) The availability of electronic health records of state
2 residents to health care providers at any time, while ensuring
3 patient privacy and the security of the information in
4 conformance with applicable laws and regulations.

5 (c) The plan developed by the authority shall include the
6 establishment of incentives and standards that foster the creation
7 of electronic health records and the integration of personal health
8 records for all residents of the state by California health care
9 providers in order to improve health care quality, safety, and
10 efficiency, and to reduce health care costs.

11 (d) The plan shall include a deadline of January 1, 2008, for
12 the state to initiate all of the following:

13 (1) The adoption of standards to work in concert with federal
14 health care initiatives.

15 (2) The creation of electronic health records and personal
16 health records, as well as interoperability and privacy standards,
17 which shall be consistent with applicable federal law.

18 (3) The identification of incentives that encourage the
19 adoption and use of personal health records and electronic health
20 records. The authority may consider all of the following:

21 (A) A study of new reimbursement strategies, including
22 Medi-Cal reimbursement.

23 (B) Pay for performance strategies.

24 (C) Linking standards of compliance to licensure.

25 (D) Tax incentives.

26 (e) *The implementation of any plan pursuant to this section*
27 *shall be contingent upon the enactment of subsequent statutory*
28 *authorization.*

29 1002. Responsibilities of the authority shall include, but shall
30 not be limited to, all of the following:

31 (a) Providing leadership in the redesign of health care delivery
32 systems, using information technology to ensure that every state
33 resident receives care that is safe, effective, patient-centered,
34 timely, efficient, and equitable.

35 (b) Serving as a forum for the exchange of ideas and
36 consensus-building regarding the advancement of health
37 information infrastructure and health care applications.

38 (c) Conducting research to identify innovative health care
39 applications, using information technology and systems to
40 improve patient care and reduce the cost of care, including

1 applications to support disease management and evidence-based
2 medicine.

3 (d) If necessary, implementing pilot projects to determine the
4 impact of various health care applications using information
5 technology and systems on the quality of patient care and the cost
6 of health care.

7 (e) Facilitating the adoption of technology.

8 (f) Facilitating the integration of the health information
9 infrastructure with other information infrastructure development,
10 to work in concert with federal initiatives and privacy standards.

11 (g) Recommending policies and standards to ensure that the
12 security and confidentiality of health information are consistent
13 with applicable federal law.

14 (h) Ensuring that standards for software and communication
15 between networks in the state are consistent with federal
16 initiatives.

17 (i) Pursuing a waiver through the department to enable the
18 Medi-Cal program to pay its share of investments in statewide
19 information technology infrastructure, provide financial
20 incentives to providers who use health information technology,
21 and add telemedicine as a covered service.

22 (j) Identifying strategies to accelerate adoption and use of
23 standards-based electronic health records and value-based pay for
24 performance.

25 (k) Facilitating the coordination of appropriate state agencies
26 and departments with regional health information exchange
27 network and monitoring systems to assess adoption patterns and
28 needs.

29 (l) Decreasing the risks of health information technology
30 adoption and networking.

31 (m) Coordinating with private sector initiatives that are
32 consistent with the purposes of the authority.

33 (n) Consulting with consumer privacy organizations to ensure
34 that consumers' private information is protected.

35 1003. The authority may receive federal funds, gifts, grants,
36 revolving funds, fees-for-service, and any other public or private
37 funds for purposes of implementing this part.

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